

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

C O N F I D E N T I A L STATE 122994

FOLLOWING TEL SENT SECSTATE ISLAMABAD DACCA INFO BONN BY POUCH
LONDON BY POUCH STOCKHOLM BY POUCH OTTAWA BY POUCH TOKYO BY
POUCH BRUSSELS BY POUCH THE HAGUE BY POUCH ROME BY POUCH FROM
OECD PARIS 15 JUNE REPEATED

QTE OECD PARIS 16637

E. O. 11652 GDS

SUBJ: PAKISTAN/ BANGLADESH DEBT

1. SUMMARY: PAKISTAN/ BANGLADESH INTERIM DEBT POSITION
PROPOSED BY USG RECEIVED CONSORTIUM AGREEMENT IN SPECIAL
MEETING JUNE 15. WORLD BANK WILL PUT PROPOSAL TO PAKISTAN
REPRESENTATIVES IN WASHINGTON JUNE 18 AND URGE ITS ACCEPTANCE.
END SUMMARY.

2. CARGILL OPENED THE MEETING BY SUMMARIZING THE MAIN POINTS
OF THE MEETING OF MAY 30 AND REQUESTED MACDONALD TO REVIEW
THE US PROPOSAL WITH EXPLANATORY COMMENTS. AFTER SOME DIS-
CUSSION A PRELIMINARY DRAFT MINUTE WAS CIRCULATED FOR COMMENTS.
CARGILL SAID DRAFT WAS PREPARED BY " HOUSE ASTROLOGER " A
EUPHEMISM TO CONCEAL FACT DRAFT PREPARED BY US DEL STAFF MEMBER.
CARGILL EXPLAINED THAT COMMENTS ON THE DRAFT WOULD BE NEEDED TO
PROVIDE HIM WITH VIEWS TO BE USED IN HIS TALKS WITH PAKISTANI
REPRESENTATIVES ON JUNE 18 IN WASHINGTON.

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3. THERE WAS AGREEMENT IN PRINCIPLE ON THE DRAFT MINUTE
(TEXT SEPTEL) WITH THE FOLLOWING RESERVATIONS:

A. FRENCH DEL (HOT) RAISED TRADITIONAL FRENCH OBJECTION ITS
NON- PROPORTIONAL BURDEN SHARING AND STATED USE OF CURRENT
FORMULA UNACCEPTABLE. CARGILL (IN INTEMPERATE EXCHANGE)
CITED LONG NEGOTIATIONS ALL BASED ON CURRENT FORMULA AND
STATED FRANCE COULD " DO AS IT PLEASED" BUT FORMULA MUST STAND.
US DEL SUBSEQUENTLY TOLD HOT PRIVATELY THAT IN PRIOR MEETING
NEBOT, WHILE REITERATING OFFICIAL FRENCH LINE, SAID THAT AS
MATTER OF EXPEDIENCY IN CIRCUMSTANCES GOF WOULD GO ALONG.

B. GERMAN, BRITISH AND OTHER DELS CONCERNED WITH TREATMENT OF
PRIVATE CREDITS AND REQUESTED THAT AGREED MINUTE SPECIFICALLY
EXCLUDE PRIVATE CREDITS FROM THE ARRANGEMENTS. BANK AGREED
TO INSERT APPROPRIATE LANGUAGE. ALONG SAME LINE, GERMAN AND
JAPANESE DELS CITED PROBLEMS WITH AGREEMENT TO INCLUDE
SPECIFIC EAST PAKISTAN PROJECTS IN THE ONE YEAR RESCHEDULING.
GERMAN DEL SPECIFICALLY CITED ITS OMISSION FROM 6 POINT SUMMARY
OF US POSITION CIRCULATED LAST MEETING. US DEL EXPLAINED THIS
POINT MEANT AS NEGOTIATING POSITION, WAS ADDRESSED ORALLY AT
LAST MEETING, AND WAS LIKELY NECESSARY TO ACHIEVE PAKISTAN
ACCEPTANCE OF PROPOSAL. GERMAN DEL STATED FRG WILLING TO
INCLUDE ALL PUBLIC CREDITS FOR PROJECTS IN BANGLADESH BUT
COULD NOT COMMIT PRIVATE CREDITS. JAPANESE DEL EXPRESSED
RESERVATIONS.

C. ITALIAN DEL EXPRESSED REGRET THAT CLEAR LEGAL RESTRICTIONS
WOULD NOT ALLOW HIM TO AGREE TO MINUTE AT THIS TIME. NO
PROVISION IN LAW TO WAIVE THE EFFECTS OF DEFAULT ON THE PROJECTS IN
BANGLADESH SHOULD IT OCCUR AFTER JULY 1, 1974. IN SUCH EVENT
AFTER 6 MONTHS SANCTIONS WOULD HAVE TO BE IMPOSED ON PAKISTAN.
USDEL ENCOURAGED ITALIAN DEL TO USE THE ONE YEAR FRUITFULLY
IN SEEKING WAY TO ACCOMMODATE AGREED PROPOSAL.

3. CHAIR NOTED THE RESERVATIONS, CONCLUDED HE HAD A BASIS TO
BEGIN NEGOTIATIONS WITH PAKISTAN OFFICIALS MONDAY IN
WASHINGTON. RESERVATIONS OF ITALIAN AND JAPANESE DELEGATIONS WILL
BE CONVEYED TO PAKISTAN. (COMMENT - WITHDRAWAL FROM SOME
POSITIONS ESTABLISHED LAST MEETING CREATED DIFFICULT ATMOS-
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PHASE TOWARD CONCLUSION OF MEETING, BUT SUBSTANCE OF PROPOSAL
IN TACT.)

4. BDG AMBASSADOR TO FRANCE REQUESTED HEAR FROM BANK RESULTS
OF MEETING AS IT AFFECTED DEVELOPMENT AID BD WOULD RECEIVE IN
COMING YEAR. IT WAS AGREED CARGILL WOULD TELL HIM MATTER
REMAINED IN EXACTLY SAME STATUS AS AT APRIL 1 Dacca MEETING.

IT FURTHER WAS AGREED THAT IT IMPERATIVE THAT SUBSTANCE OF
PROPOSAL AND STATUS OF NEGOTIATIONS BE CLOSELY HELD AT THIS TIME
AND PARTICULARLY WAS NOT TO BE REVEALED TO BDG UNTIL NEGOTIATIONS
CONCLUDED.
BROWN UNQTE
RUSH

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